HALF-YEAR REPORT

June 30th 2017

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Corporate Boards

Board of Directors

Chairman	Francesco Gianni [1]
Chief Executive Officer	Albino Majore
Directors	Tatiana Caltagirone Antonio Catricalà [1] Massimo Confortini [1] Giancarlo Cremonesi [1] Mario Delfini Massimo Lapucci [1] Valeria Ninfadoro [1]

Board of Statutory Auditors

Chairman	Antonio Staffa
Standing Auditors	Federico Malorni Maria Assunta Coluccia

Executive Responsible	Fabrizio Caprara
Independent Audit Firm	PricewaterhouseCoopers SpA

[1] *Independent Directors*

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DIRECTORS' REPORT

Introduction

The present Report refers to the Condensed Consolidated Financial Statements at June 30th 2017, prepared in accordance with Article 154 ter, paragraph 3, of Legislative Decree 58/1998 as supplemented and the Consob Issuers' Regulation.

The present half-year report was prepared in accordance with International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union and was drawn up according to IAS 34 – Interim financial reporting, applying the same accounting principles adopted in the preparation of the Consolidated Financial Statements at December 31st 2016, with the exception of those described in the Notes in the paragraph "Accounting standards and amendments to standards adopted by the Group", to which reference is made.

Operational overview

The key financial results compared to the first half of 2016 are shown below:

In Euro thousands

INCOME STATEMENT	*H1 2017*	*H1 2016*	*Change %*
OPERATING REVENUES	**71,349**	**76,069**	**-6.2%**
CIRCULATION REVENUES	28,140	29,195	-3.6%
PROMOTION REVENUES	381	342	11.4%
ADVERTISING REVENUES	40,528	43,940	-7.8%
OTHER OPERATING REVENUES	2,300	2,592	-11.3%
COSTS OF PRODUCTION	**(72,871)**	**(77,694)**	**6.2%**
RAW MATERIALS, SUPPLIES &	(6,689)	(7,137)	6.3%
LABOUR COSTS	(33,128)	(34,946)	5.2%
OTHER OPERATING CHARGES	(33,054)	(35,611)	7.2%
EBITDA	**(1,522)**	**(1,625)**	**6.3%**
AMORT., DEPREC. & WRITE-DOWNS	(3,698)	(4,418)	16.3%
EBIT	**(5,220)**	**(6,043)**	**13.6%**
COMPANIES VALUED AT EQUITY	**-**	**-**	**-**
FINANCIAL INCOME	4,614	5,256	-12.2%
FINANCIAL CHARGES	(498)	(884)	43.7%
FINANCIAL RESULT	**4,116**	**4,372**	**-5.9%**
LOSS BEFORE TAXES	**(1,104)**	**(1,671)**	**33.9%**
INCOME TAXES	1,110	1,401	20.8%
NET PROFIT/(LOSS)	**6**	**(270)**	**102.2%**
MINORITY INTEREST	-	-	-
GROUP NET PROFIT/(LOSS)	***6***	***(270)***	***102.2%***

In the first six months of 2017, the group reported Operating Revenues of Euro 71.3 million, reducing 6.2% on the same period of 2016, mainly due to a contraction in advertising revenues (-7.8%) and circulation revenues (-3.6%).

Raw material costs decreased 6.3% - principally due to the lower quantities utilised in the production process.

Labour costs, including non-recurring charges of Euro 1.6 million (Euro 570 thousand in H1 2016) - principally due to the reorganisation plans put in place by a number of Group companies - decreased 5.2%. On a like-for-like basis, excluding these extraordinary charges, labour costs decreased approx. 8.2% on the first half of 2016, due to the restructuring carried out in previous years.

Other operating charges decreased overall 7.2% due to the group's reorganisation process by functional area, which generated a number of cost savings - in particular for service costs.

The EBITDA reports a loss of Euro 1.5 million (loss of Euro 1.6 million in H1 2016).

The EBIT, after amortisation/depreciation and write-downs of Euro 3.7 million, reported a loss of Euro 5.2 million in H1 2017 (loss of Euro 6 million in H1 2016).

Net financial income amounted to Euro 4.1 million (Euro 4.4 million in H1 2016), principally relating to dividends received on listed shares for Euro 4.6 million.

The Group net profit was Euro 6 thousand (loss of Euro 270 thousand in H1 2016).

The Group **Net Cash Position** at June 30th 2017 is as follows:

In Euro thousands

NET CASH POSITION*	***30/06/17***	***31/12/16***
CURRENT FINANCIAL ASSETS	-	-
CASH AND CASH EQUIVALENTS	147,600	151,030
NON-CURRENT FINANCIAL LIABILIITES	(437)	(3,066)
CURRENT FINANCIAL LIABILITIES	(11,620)	(13,534)
TOTAL	**135,543**	**134,430**

* The Net Cash Position in accordance with CONSOB Communication DEM 6064291 of July 28th 2006 is illustrated at Note 29 of the Notes to Condensed Consolidated Half-Year Financial Statements.

The net cash position, amounting to Euro 135.5 million, increased approx. Euro 1.1 million, mainly due to the dividends received on listed shares for approx. Euro 4.6 million, net of capex investments of Euro 1.6 million and operating requirements.

Group **Consolidated shareholders' equity** amounted to Euro 473.8 million (Euro 472.3 million at December 31st 2016); the increase principally concerns the positive effect in the period from the fair value measurement of shares held by the Group.

The Balance sheet ratios are provided below:

	H1 2017	H1 2016	31/12/2016
Equity Ratio *(Net equity/ Total assets)*[1]	0.76	0.74	0.75
Liquidity Ratio *(Current assets/ Current liabilities)*[2]	3.19	2.67	3.17
Capital Invested Ratio *(Net equity/Non-current assets)*[3]	1.12	1.09	1.12
ROE[4] *(Net profit/Net equity)*[5]	0.001	-0.05	-13.2
ROI[4] *(EBIIT/Total assets)*[5]	-0.84	-0.89	-8.9
ROS[4] *(EBIT/Operating Revenues)*[5]	-7.32	-7.94	-36.9

The balance sheet ratios confirm Group financial and balance sheet equilibrium, with strong stability, a good capacity to meet short-term commitments through sufficient available funds and finally a good equilibrium between own funds and fixed assets.

The financial ratios ROI and ROS, although negative, indicate a slight improvement in operating profitability on H1 2016.

Group operating performance

- *Publishing*

Total newspaper sale revenues of Euro 28.1 million reduced 3.6% in the first half of 2017 compared to H1 2016, due to the systemic contraction of the market. In particular, Group print newspaper sales contracted 4.4% on the first half of 2016, while Group online copy and subscriptions revenues increased 17.8%, although the volume of sales is still not

[1] Normally the equity ratio indicates an optimal structure when the result is between 0.5 and 1.
[2] Normally the liquidity ratio is considered optimal when it is higher than 1.
[3] Normally the capital invested is considered good zhen it is higher than 1.
[4] Percentage values
[5] For definitions of "Net Result", "EBIT" and "Operating Profit", reference should be made to the income statement reported in the paragraph "Operating overview".

significant and their impact on Group circulation revenues still marginal (4.5% of publishing revenues). The Group applied the price increase to the Il Messaggero newspaper from June 2017. The financial impact was therefore not significant.

The latest available circulation[6] data indicates a reduction of approx. 10.95% in paper copies alone and an overall reduction including digital copies of 10.46% in 2017 compared to 2016.

- *Advertising*

  In the first six months of 2017, Group advertising revenues decreased 7.8%.

Paper edition advertising revenues, including also third-party advertising, contracted 9.2% on the first half of 2016 (in line with the market).

Internet advertising, including also third-party advertising, increased 0.1% on the first half of 2017 compared to the previous year. The contribution of this sector however to overall Group advertising revenues increased to approx. 14.1% in the period.

The overall market in the first five months of 2017 (latest figures available) contracted 10.2%[7] for newspaper advertising and increased 0.6%[8] for internet advertising.

For internet activities, the websites of the Caltagirone Editore network reported approx. 1.06 million Total Audience average unique daily users[9] (PC and mobile) in May 2017, an increase of 8.2% compared to the same period of 2016.

Transactions with related parties

The transactions with "related" parties, as set out in IAS 24, including inter-company operations, are not atypical or unusual and form part of the ordinary business activities of the companies of the Group. These operations are regulated at market conditions and take account of the characteristics of the goods and services provided and in the interest of the Group.

The Parent Company in the period did not carry out significant transactions nor significant levels of ordinary transactions requiring communication to the Supervisory Authority under the Consob Regulation concerning transactions with related parties adopted with Resolution No. 17221 of March 12th 2010.

[6] Workings on ADS (Accertamento Diffusione Stampa) figures: average circulation January-May 2017 vs January-May 2016
[7] *FCP Newspaper Research Centre* figures January-May 2017 with corresponding period of 2016
[8] *FCP Assointernet research institute* figures – January – May 2017 compared with 2016
[9] Audiweb figures Total Audience May 2017 (including TAL)

The information on transactions with related parties, including those required by Consob communication of July 28th 2006, are shown in the Notes to the Condensed Consolidated Half-Year Financial Statements.

Other information

During the period, the Caltagirone Editore Group did not carry out any research and development activity.

The Parent Company is not subject to management and co-ordination pursuant to Art. 2497 and subsequent of the Italian Civil Code.

At June 30th 2017, the headcount was 702 (746 at December 31st 2016); in the first half 2017 average headcount was 714.

Risk Management

The activities of the Caltagirone Editore Group are subject to the following financial risks: market risks (raw materials prices and the movements in listed share prices), credit risk, exchange rate risk, interest rate risk and liquidity risk. The management of the financial risks of the Group is undertaken through organisational directives which govern the management of these risks and the control of all operations which have importance in the composition of the financial and/or commercial assets and liabilities.

In the first half of 2017, no market risks or uncertainties substantially differing from those evident in the 2016 Annual Accounts emerged and therefore the relative management strategy remains unchanged.

Principal uncertainties and going concern

Following on from that stated in the paragraph concerning management risks, the continuation of the general crisis in the sector does not however cause concern in relation to the going concern principle in that the Group has adequate liquidity and own funds and no uncertainties exist that could compromise the capacity of the Group to carry out its operating activities.

Treasury shares

In execution of the Shareholders Meeting resolution of April 12th 2017 which authorises the purchase and/or sale of treasury sales of the Company in accordance with Article 2357 of the Civil Code, the Board of Directors of Caltagirone Editore S.p.A implemented the treasury share buy-back programme of Company shares on the MTA segment of Borsa Italiana.

At June 30th 2017 Caltagirone Editore SpA had 2,301,983 treasury shares in portfolio, comprising 1.842% of the share capital for a value of Euro 2,202,435.

Corporate Governance

The Board of Directors meeting of March 8, 2017, in accordance with the recommendation received from Consob, approved some amendments to the Procedure for Related Party Transactions, in order to render them more efficient and in line with operational activities, the ownership structure and structure of the Company and of the Group. The procedure was published on the website of the company www.caltagironeeditore.com in the section Investor Relations /Corporate Governance.

The same Board meeting confirmed for 2017 the Executive Officer for Financial Reporting of the company as Mr. Fabrizio Caprara.

The Shareholders' AGM of April 12th 2017, following the passing of Mr. Gaetano Caltagirone and the resignation of the Independent Director Mr. Giampietro Nattino, and in view of the reduction in the number of directors from ten to nine, appointed for the remainder of the present three-year mandate, i.e. until the approval of the 2017 Annual Accounts, Mr. Antonio Catricalà to the Board. On May 15th 2017, the Board of Directors confirmed, on the basis of information received from the interested party, the independence of the director Mr. Antonio Catricalà.

On June 9th 2017, Chiara Finanziaria S.r.l., an indirect subsidiary of the majority shareholder, announced its decision to pursue a voluntary Takeover Bid of the totality of Caltagirone Editore S.p.A. shares, less the shares held directly or indirectly by Francesco Gaetano Caltagirone, Francesco Caltagirone, Alessandro Caltagirone and Azzurra Caltagirone. The bidder Chiara Finanziaria S.r.l. has utilised the Public Purchase Offer as an instrument to withdraw the Caltagirone Editore S.p.A. share from listing on the MTA segment on the Italian Stock Exchange (delisting)

Following the communication in accordance with Article 102, paragraph 1 of Legislative Decree 58/1998 by Chiara Finanziaria S.r.l., on June 9th 2017 Mr. Francesco Gaetano Caltagirone resigned from the position of Chairman and Director, Ms. Azzurra Caltagirone from the position of Vice Chairman and Director and Mr. Alessandro Caltagirone and Mr. Francesco Caltagirone from the position of Director.

On June 13th, the Board of Directors co-opted to the Board Messrs. Giancarlo Cremonesi, Francesco Gianni, Massimo Lapucci and Valeria Ninfadoro, who declared their independence in accordance with the applicable regulation.

On June 16th 2017, the Board of Directors appointed as Chairman Mr. Francesco Gianni and as Chief Executive Officer Mr. Albino Majore, conferring their relative powers. The newly-appointed Directors Messrs. Francesco Gianni, Giancarlo Cremonesi, Massimo Lapucci and Valeria Ninfadoro, at the same Board meeting, on the basis of information received from the interested parties, confirmed their independence in accordance with the applicable regulations.

Forecast for 2017

The reorganisation, started in the previous year, for the group's structuring by functional area has not yet finished and, once fully operational, will support the group's financial equilibrium.

The Group has maintained the initiatives targeting the growth of multi-media editions and an improved internet presence in order to expand new advertising streams and acquire new readers.

Subsequent events to June 30th 2017

On July 14th 2017, the prospectus for the voluntary takeover bid on the totality of ordinary Caltagirone Editore S.p.A. shares promoted by Chiara Finanziaria S.r.l. was published.

The voluntary Takeover Bid concerns a maximum 33,876,862 ordinary Caltagirone Editore S.p.A. shares, equal to approx. 27.101% of the share capital. The bidder will recognise to each participant consideration in cash for each share contributed of Euro 1.00. The subscription period began on July 24th 2017 and will conclude, subject to extensions, on September 8th 2017.

The Board of Directors meeting of July 20, 2017, in view of the opinions prepared by the Independent Directors and the Independent Expert appointed by the Board, expressed their positive assessment on the correctness, from a financial viewpoint, of the Offer and of the consequent Consideration, although highlighting that the application of the method of the sum of the parts is higher (with particular reference to the estimate based on a valuation of the publishing business through the finance method) compared to the consideration offered.

Rome, July 26th 2017

For the Board of Directors
The Chairman
Francesco Gianni

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2017

Consolidated Balance Sheet

Assets

(in Euro thousands)	Note	*30.06.2017*	*31.12.2016*
Non-current assets			
Intangible assets with definite life	1	577	614
Intangible assets with indefinite life	2	249,903	249,903
Newspaper titles		*249,903*	*249,903*
Property, plant and equipment	3	40,517	41,994
Equity investments valued at equity	4	2	2
Equity investments and non-current securities	5	83,355	81,702
Other non-current assets	6	105	119
Deferred tax assets	7	48,723	47,364
TOTAL NON-CURRENT ASSETS		**423,182**	**421,698**
Current assets			
Inventories	8	2,029	1,732
Trade receivables	9	46,820	51,556
of which related parties		*642*	*699*
Tax receivables	7	112	218
Other current assets	10	1,594	2,001
Cash and cash equivalents	11	147,600	151,030
of which related parties		*202*	*351*
TOTAL CURRENT ASSETS		**198,155**	**206,537**
TOTAL ASSETS		**621,337**	**628,235**

Consolidated Balance Sheet

Shareholders' Equity & Liabilities

(in Euro thousands)	Note	*30.06.2017*	*31.12.2016*
Shareholders' Equity			
Share capital		125,000	125,000
Share capital issue costs		(18,865)	(18,865)
Reserves		367,704	428,638
Profit/(Loss) for the period		6	(62,439)
Group shareholders' equity		**473,845**	**472,334**
Minority interest shareholders' equity		-	-
TOTAL SHAREHOLDERS' EQUITY	**12**	**473,845**	**472,334**
Liabilities			
Non-current liabilities			
Employee provisions	**13**	18,508	21,393
Other non-current provisions	**14**	5,392	5,392
Non-current financial liabilities	**15**	437	3,066
Other non-current liabilities	**16**	1,544	1,558
Deferred tax liabilities	**7**	59,603	59,419
TOTAL NON-CURRENT LIABILITIES		**85,484**	**90,828**
Current liabilities			
Current provisions	**14**	7,555	6,926
Trade payables	**17**	21,114	22,106
of which related parties		*835*	*395*
Current financial liabilities	**15**	11,620	13,534
of which related parties		*601*	*2,737*
Other current liabilities	**16**	21,719	22,507
of which related parties		*20*	*16*
TOTAL CURRENT LIABILITIES		**62,008**	**65,073**
TOTAL LIABILITIES		**147,492**	**155,901**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**621,337**	**628,235**

Consolidated Income Statement

(in Euro thousands)	Note	*H1 2017*	*H1 2016*
Revenues			
Revenues from sales and services	18	69,049	73,477
of which related parties		*487*	*425*
Other operating revenues	19	2,300	2,592
of which related parties		*26*	*35*
TOTAL REVENUES		**71,349**	**76,069**
Costs			
Raw material costs	20	(6,689)	(7,137)
Labour costs	13	(33,128)	(34,946)
of which restructuring charges		*(1,577)*	*(570)*
Other operating charges	21	(33,054)	(35,611)
of which related parties		*(2,845)*	*(3,072)*
TOTAL COSTS		**(72,871)**	**(77,694)**
EBITDA		**(1,522)**	**(1,625)**
Amortisation, depreciation, provisions & write-downs	22	(3,698)	(4,418)
EBIT		**(5,220)**	**(6,043)**
Result of companies valued at equity		**-**	**-**
Financial income		4,614	5,256
of which related parties		*4,560*	*4,943*
Financial charges		(498)	(884)
of which related parties		*(19)*	*(119)*
Net financial income/(charges)	23	**4,116**	**4,372**
LOSS BEFORE TAXES		**(1,104)**	**(1,671)**
Income taxes	7	1,110	1,401
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**6**	**(270)**
NET PROFIT/(LOSS)		**6**	**(270)**
Group Net Profit/(Loss)		6	(270)
Minority interest share		-	-
Basic earnings/(loss) per share	24	0.000	(0.002)
Diluted earnings/(loss) per share	24	0.000	(0.002)

Consolidated Comprehensive Income Statement

(in Euro thousands)	**H1 2017**	**H1 2016**
Net profit/(loss) for the period	**6**	**(270)**
Items which may be reclassified subsequently to profit/(loss)		
Profit/(loss) from recalculation of AFS assets, net of fiscal effect	1,641	(58,069)
Total other items of the Comprehensive Income Statement	**1,641**	**(58,069)**
Total comprehensive profit/(loss)	**1,647**	**(58,339)**
Attributable to:		
Parent Company shareholders	1,647	(58,339)
Minority interest	-	-

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in Euro thousands)	Share capital	Listing charges	Treasury shares	Fair Value reserve	Other reserves	Result for the period	Group net equity	Minority interest N.E.	Total net equity
Balance at January 1st 2016	**125,000**	**(18,865)**	**(1,844)**	**19,708**	**456,063**	**(20,131)**	**559,931**		**559,931**
Prior year result carried forward					(20,131)	20,131	**-**		**-**
Acquisition of treasury shares			(88)				**(88)**		**(88)**
Total operations with shareholders	**-**	**-**	**(88)**	**-**	**(20,131)**	**20,131**	**(88)**	**-**	**(88)**
Change in fair value reserve				(58,069)			**(58,069)**		**(58,069)**
Net Result						(270)	**(270)**		**(270)**
Total comprehensive profit/(loss)	**-**	**-**	**-**	**(58,069)**	**-**	**(270)**	**(58,339)**	**-**	**(58,339)**
Balance at June 30th 2016	**125,000**	**(18,865)**	**(1,932)**	**(38,361)**	**435,932**	**(270)**	**501,504**	**-**	**501,504**
Balance at January 1st 2017	**125,000**	**(18,865)**	**(2,063)**	**(5,453)**	**436,154**	**(62,439)**	**472,334**		**472,334**
Prior year result carried forward					(62,439)	62,439	**-**		**-**
Acquisition of treasury shares			(139)				**(139)**		**(139)**
Change in consolidation scope							-		**-**
Total operations with shareholders	**-**	**-**	**(139)**	**-**	**(62,439)**	**62,439**	**(139)**	**-**	**(139)**
Change in fair value reserve				1,641			**1,641**	-	**1,641**
Net Result						6	**6**	-	**6**
Total comprehensive profit/(loss)	**-**	**-**	**-**	**1,641**	**-**	**6**	**1,647**	**-**	**1,647**
Other changes					3		**3**		**3**
Balance at June 30th 2017	**125,000**	**(18,865)**	**(2,202)**	**(3,812)**	**373,718**	**6**	**473,845**	**-**	**473,845**

Consolidated Cash Flow Statement

in Euro thousands	Note	*H1 2017*	*H1 2016*
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**11**	**151,030**	**157,813**
Net profit/(loss) for the period		6	(270)
Amortisation & depreciation		3,175	3,251
(Revaluations) and write-downs		480	972
Net financial income/(charges)		(4,116)	(4,372)
(Gains)/losses on disposals		1	(12)
Income taxes		(1,110)	(1,401)
Changes in employee provisions		(3,118)	(1,984)
Changes in current and non-current provisions		629	32
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(4,053)**	**(3,784)**
(Increase) Decrease in inventories		(297)	370
(Increase) Decrease in Trade receivables		4,255	5,752
Increase (Decrease) in Trade payables		(992)	396
Change in other current and non-current assets & liabilities		(382)	(2,157)
Change in deferred and current income taxes		66	1,127
OPERATING CASH FLOW		**(1,403)**	**1,704**
Dividends received		4,560	4,104
Interest received		54	313
Interest paid		(262)	(568)
Income taxes paid		(37)	(1,622)
A) CASH FLOW FROM OPERATING ACTIVITIES		**2,912**	**3,931**
Investments in intangible fixed assets		(69)	(317)
Investments in tangible fixed assets		(1,631)	(129)
Sale of intangible and tangible assets		39	34
Sale of equity investments and non-current securities		-	1,055
Change in non-current financial assets		-	(2)
B) CASH FLOW FROM INVESTING ACTIVITIES		**(1,661)**	**641**
Change in current financial liabilities		(4,542)	160
Other changes		(139)	(88)
C) CASH FLOW FROM FINANCING ACTIVITIES		**(4,681)**	**72**
D) Effect exchange differences on cash & cash equivalents		-	-
Change in net liquidity		**(3,430)**	**4,644**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**11**	**147,600**	**162,457**

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NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2017

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Introduction

Caltagirone Editore SpA (Parent Company) is a limited liability company, listed on the Milan Stock Exchange, operating in the publishing sector and with its registered office in Rome (Italy), Via Barberini, No, 28.

At June 30th 2017, the shareholders with holdings above 3% of the share capital, as per the shareholders' register, the communications received in accordance with Article 120 of Legislative Decree No. 58 of February 24th 1998, and other information available are:

- Francesco Gaetano Caltagirone: 75,955,300 shares (60.76%).
  This investment is held indirectly through the companies:

  Parted 1982 SpA: 44,454,550 shares (35.56%)
  Gamma Srl: 9,000,750 shares (7.20%)
  FGC Finanziaria Srl: 22,500,000 shares (18.00%)

Caltagirone Editore SpA and its subsidiaries are fully consolidated in the condensed consolidated half-year financial statements of the Caltagirone Group.

At the date of the preparation of the present report, the ultimate holding company was FGC SpA, due to the shares held through subsidiary companies.

The Condensed Consolidated Financial Statements at June 30th 2017 include the Condensed Half-Year Financial Statements of the Parent Company and its subsidiaries (together the "Group"). For the consolidation, the financial statements prepared by the Directors of the individual consolidated companies were used.

The present half-year report was authorised for publication by the Board of Directors on July 26th 2017.

Compliance with international accounting standards approved by the European Commission

The condensed consolidated half-year financial statements at June 30th 2017 were prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC), approved by the European Commission (hereinafter "IFRS").

In particular, the Condensed Consolidated Group Half-Year Financial Statements 2017 were prepared according to the criteria set out by IAS 34 for the preparation of interim financial statements. These financial statements contain condensed information compared to the applicable accounting standards and must be read together with the consolidated annual accounts of the Group for the year ended December 31st 2016.

The financial statements conform with the Annual Accounts in application of the updated version of IAS 1 – Presentation of Financial Statements (revised in 2007).

The accounting principles adopted in the preparation of the present Condensed Consolidated Half-Year Financial Statements are the same as those utilised for the consolidated financial statements at December 31st 2016, with the exception of those described below in the notes – new accounting standards.

The 2016 consolidated financial statements are available on request from the registered offices of the company Caltagirone Editore S.p.A., via Barberini, 28 Rome or on the website www.caltagironeeditore.com.

Basis of presentation

The condensed consolidated half-year financial statements consist of the Consolidated Balance Sheet, the Consolidated Income Statement, the Comprehensive Consolidated Income Statement, the Statement of changes in Consolidated Shareholders' Equity, the Consolidated Cash Flow Statement and the present Notes to the financial statements.

The Balance Sheet is presented in a format which separates the current and non-current assets and liabilities, while the Income Statement and the Comprehensive Income Statement are classified on the basis of the nature of the costs, the Comprehensive Income Statement, beginning with the result for the period, highlights the effects of profits and losses recognised directly to equity, the statement in changes in Shareholders' Equity outlines the changes in the period to the individual accounts comprising Net Equity, while the cash flow statement is presented utilising the indirect method.

The IFRS were applied in accordance with the "Framework for the preparation and presentation of financial statements" and no matters arose which required recourse to the exceptions permitted by IAS 1, paragraph 17.

It is recalled that CONSOB, resolution No, 15519 of July 27th 2006 requires that the above financial statements report, where the amounts are significant, additional sub-accounts to those already specifically required by IAS 1 and other international accounting standards in order to show the balances and transactions with related parties as well as the relative income statement accounts relating to non-recurring, unusual or atypical operations.

The Consolidated Financial Statements were presented in thousands of Euro, the functional currency of the Parent Company and all of the companies included in the present consolidated financial statements.

All amounts included in the notes are expressed in thousands of Euro, except where otherwise indicated.

The assets and liabilities are shown separately and without any offsetting.

Use of estimates

The preparation of the condensed consolidated half-year financial statements requires the Directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the financial situation and balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts. The final outcome of the accounts in the financial statements, which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and conditions upon which the estimates are based.

The estimates and assumptions are reviewed periodically and the effects of all variations recorded in the income statement, when they relate only to that year. When the revision relates to both current and future periods (for example the revision of the useful life of fixed assets), the changes are recorded in the period in which the revision is made and in the relative future periods.

Some valuation processes, in particular the determination of any reduction in fixed assets, are generally made on a complete basis on the preparation of the annual accounts, when all the necessary information is available, except where there are specific indications of impairment which require an immediate valuation of any loss in value.

Similarly, the actuarial valuations necessary for the determination of the employee benefit plans based on IAS 19 are normally calculated in the preparation of the annual accounts.

Income taxes are calculated according to the specific rates applicable for 2017.

Consolidation scope

The consolidation scope includes the parent company and all of its subsidiaries, directly or indirectly held (hereinafter the "Group").

The list of subsidiaries included in the consolidation scope is as follows:

	Registered office	30.06.2017	31.12.2016	**Activities**
Caltagirone Editore SpA	Rome	Parent	Parent	finance
Il Messaggero SpA	Rome	100%	100%	publishing
Il Mattino SpA	Rome	100%	100%	publishing
Piemme SpA	Rome	100%	100%	advertising
Leggo SpA	Rome	100%	100%	publishing
Finced Srl	Rome	100%	100%	finance
Ced Digital & Servizi Srl	Rome	100%	100%	publishing
Corriere Adriatico SpA	Rome	100%	100%	publishing
Quotidiano di Puglia SpA	Rome	100%	100%	publishing
Il Gazzettino SpA	Rome	100%	100%	publishing
Centro Stampa Veneto SpA *(1)*	Rome	100%	100%	printing
Imprese Tipografiche Venete SpA *(1)*	Rome	100%	100%	printing
P.I.M. Srl *(1)*	Rome	100%	100%	advertising
Servizi Italia 15 S.r.l.	Rome	100%	100%	services
Stampa Roma 2015 Srl	Rome	100%	100%	printing
Stampa Napoli 2015 Srl	Rome	100%	100%	printing

(1) Held by Il Gazzettino SpA

Associated Companies

The consolidation scope includes the following associated company:

	Registered office	30.06.2017	31.12.2016
Rofin 2008 Srl	Rome	30.00%	30.00%

Accounting standards and amendments to standards adopted by the Group

Accounting Standards and interpretations on Standards effective from periods subsequent to 2017 and not adopted in advance by the Group:

- On July 24th 2014, the IASB published the final version of IFRS 9 "Financial instruments". The document incorporates the results of the classification and measurement, derecognition, impairment and hedge accounting phases of the IASB project to replace IAS 39. The new standard replaces the previous versions of IFRS 9. As noted, the IASB in 2008 initiated a phased project for the replacement of IFRS 9. In 2009, they published the first version of IFRS 9 which considers the measurement and classification of financial assets; subsequently, in 2010 the rules concerning financial liabilities and derecognition were published. In 2013, IFRS 9 was amended to include the general model of hedge accounting. In September 2015, EFRAG completed its due process for the issue of the endorsement advice, which was thereafter presented to the European Commission. This document, adopted by the European Union with Regulation No. 2067 of November 29, 2016, is effective from periods beginning on, or subsequent to, January 1, 2018. Earlier application is permitted.
- On May 28th 2014, the IASB published "IFRS 15 — Revenue from Contracts with Customers". The standard is a single and complete framework for the recognition of revenues and sets the rules to be applied to all contracts with customers (with the exception of contracts which fall within the scope of the standards on leasing, on insurance contracts and on financial instruments). IFRS 15 replaces the previous standards on revenues: IAS 18 Revenue and IAS 11 Construction Contracts, in addition to the interpretations IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard establishes the criteria for the recognition of revenues from the sale of products or the supply of services through the introduction of the so-called five-step model framework; in addition, specific information concerning the nature, the amount, the timing and the uncertainties relating to revenues and cash flows deriving from the underlying contracts with clients must be provided in the explanatory notes. On September 11th 2015, the IASB published the Amendments to IFRS 15, which postponed the entry into force of the standard by one year to January 1st 2018. This document, adopted by the European Union with Regulation No. 1905 of October 29, 2016, is effective from periods beginning on, or subsequent to, January 1, 2018. Earlier application is permitted.

New accounting standards and interpretations:

At the date of the approval of the present condensed consolidated half-year financial statements, IASB had issued (however not yet approved by the European Union) a number of accounting standards, interpretations and amendments - some still in the consultation phase - among which we highlight:

- On January 30th 2014, the IASB published IFRIC 14 – "Regulatory Deferral Accounts". The standard establishes the option for first-time adopters operating in a regulated tariff sector to continue to recognise in the first and subsequent IFRS financial statements - with certain limited changes - the "regulatory assets and liabilities" under the previous local GAAP; in addition, the assets and liabilities from regulatory activities and their movements are presented separately in the balance sheet, in the income statement and in the comprehensive income statement and specific disclosure must be provided in the explanatory notes. The European Commission has currently suspended the Endorsement Process ahead of the issue of the definitive accounting standard by the IASB.
- On January 13th 2016, the IASB published the new standard IFRS 16 Leases, which replaces IAS 17. IFRS 16 is applicable from January 1st 2019. The new standard eliminates the difference in the calculation of operating and finance leases, while also presenting elements which simplify application and introduces the concept of control within the definition of leasing. In particular, in order to determine whether a contract represents leasing, IFRS 16 requires to verify whether the lessee has the right to control the use of a determined asset for a determined period of time. Advance application is permitted for entities applying also IFRS 15 Revenues from Contracts with Customers. Endorsement by the EU is expected by the fourth quarter of 2017.
- On April 12th 2016, the IASB published the document "Clarifications to IFRS 15 Revenue from Contracts with Customers". This amendment does not alter the standard but clarifies how it should be applied. In particular it is clarified (i) how to identify a performance obligation in a contract, (ii) how to determine whether an entity is a principal or an agent and (iii) how to determine the point at which revenues from the concession of licenses should be recognised. The date of entry into force of this amendment, whose endorsement by the EU is expected in the fourth of 2017, is also January 1st 2018.
- On September 11th 2014, the IASB published the document "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)", in order to resolve a conflict between IAS 28 and IFRS 10. According to IAS 28, the profit or loss from the sale or conferment of a non-monetary asset to a joint

venture or associate in exchange for a share of the capital of this latter is limited to the share held by external investors to the transaction. On the other hand, IFRS 10 provides for the recognition of the entire profit or loss in the case of loss of control, also if the entity continues to hold a non-controlling holding, including also upon the sale or conferment of a subsidiary to a joint venture or associate. The amendments introduced provide that for the disposal/conferment of an asset or a subsidiary to a joint venture or associated company, the measurement of the profit or the loss to be recognised to the financial statements of the disposing company/conferring company depends on whether the asset or the subsidiary disposed of/conferred is a business as defined by IFRS 3. In the case in which the assets or the subsidiary disposed of/conferred are considered a business, the entity must recognise the profit of the loss on the entire share previously held; while in the contrary case, the share of profit or loss concerning the stake still held by the entity must be eliminated. In December 2015, the IASB published the Amendment which defers for an unspecified period of time the entry into force of the amendments to IFRS 10 and IAS 28, while awaiting completion of the IASB project on the equity method.

- On January 19th 2016, the IASB published amendments to IAS 12 Income Tax. The document "Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)" clarifies the calculation of deferred tax assets on debt instruments measured at fair value. The changes are applied from January 1st 2017. Earlier application is permitted. Approval by the EU is expected in the fourth quarter of 2017.
- On January 29th 2016, the IASB published amendments to IAS 7 Statement of cash flows. The Disclosure Initiative document (Amendments to IAS 7) seeks to improve the presentation and communication of financial information in financial reports and to resolve a number of issues highlighted by operators. The amendments, which apply from January 1st 2017, introduced new disclosure obligations for changes to assets and liabilities as a result of financing activities. Approval by the EU is expected in the second quarter of 2017.
- On June 20th 2016, the IASB published amendments to IFRS 2 Share-based Payment. The document "Classifications and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)" resolves a number of issues concerning the recognition of share-based payments. In particular, this amendment includes some significant improvements (i) in the measurement of share-based payments settled by cash, (ii) in their classification and (iii) in the method for the recognition where there is a change from share-based payments settled by cash to share-based payments settled

through capital instruments. These changes will be applied from January 1, 2018. Approval by the EU is expected in the fourth quarter of 2017.

- On September 12th 2016, the IASB published a number of amendments to IFRS 4 Insurance Contracts. The document “Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts” resolves inconsistencies deriving from the deferment of the date of entry into force of IFRS 9 and from the new accounting standard on insurance contracts. These changes will be applied from January 1st 2018. Approval by the EU is expected in the fourth quarter of 2017.
- On December 8th 2016, the IASB published a number of amendments to IAS 40 Investment Property. The document “Amendments to IAS 40: Transfers of Investment Property” clarifies a number of aspects concerning the treatment of investment property transfers. In particular, the amendment clarifies that a transfer occurs only where an effective change in the use of the asset has taken place. A change in management’s intention by itself is not sufficient to support a transfer. The amendments are applied to financial statements concerning periods beginning January 1st 2018 or subsequently; early application is permitted. Approval by the EU is expected in the fourth quarter of 2017.
- On December 8TH 2016, the IASB published the “Annual Improvements to IFRS Standards 2014-1016 Cycle”. The modifications introduced, within the normal review and clarifications on international accounting standards, concern the following standards: IFRS 1 First-time adoption of IFRS, IFRS 12 Disclosure of interests in other entities and IAS 28 Investments in associates and joint ventures. Endorsement by the EU is expected in the second half of 2017. The amendments to IFRS 1 and IAS 28 are applied to financial statements for periods beginning January 1st 2018 or subsequently; early application is permitted only for IAS 28. The amendments to IFRS 12 are applied to financial statements for periods beginning January 1st 2017 or subsequently.
- On December 8th 2016, the IASB published interpretation IFRIC 22 – “Foreign Currency Transaction and Advance Consideration” in order to provide clarifications upon the correct accounting of transactions in foreign currencies, relating to payments made or received in advance to the subject of the transaction. The interpretation clarifies that the transaction date to be utilised for the conversion is the date in which the entity makes or receives the early payment. IFRIC 22 applies to financial statements for periods beginning on January 1st 2018 or subsequently; early application is permitted. Approval by the EU is expected in the fourth quarter of 2017.

- On May 18th 2017, the IASB published the new standard IFRS 17 Insurance Contracts, which replaces the current IFRS 4. The new standard on insurance contracts improves transparency on profit sources and on the quality of profits realised and ensures a high level of results comparability, introducing a single standard for the recognition of revenues which reflects the services provided. IFRS 17 applies to financial statements for periods beginning January 1st 2021 or subsequently. The Endorsement Process by EFRAG is currently in progress.
- On June 7th 2017, the IASB published the interpretation IFRS 23 - "Uncertainty over Income Tax Treatments", which provides indications on how to reflect in the accounting of income taxes uncertainties on the tax treatment of a certain transaction or circumstance. IFRIC 23 applies to financial statements for periods beginning January 1st 2019 or subsequently. The conclusion of the Endorsement Process by EFRAG is expected in the fourth quarter of 2017, while endorsement by the EU is expected in 2018.

Any effects that the newly applied accounting standards, amendments and interpretations (in particular IFRS 15, IFRS 9 and IFRS 16) may have on the Group financial disclosure are currently being evaluated.

Value of the Group

The Stock Market capitalisation of Caltagirone Editore is currently lower than the net equity of the Group (Stock Market capitalisation at June 30th 2017 of Euro 143.8 million compared to a Group net equity of Euro 473.8 million), a significant divergence from the valuation based on the fundamentals of the Group expressed by the value in use.

The capacity to generate cash flows or the establishment of specific fair values (cash and cash equivalents, financial assets available-for-sale and Publishing Titles) may justify this difference; stock market prices in fact also reflect circumstances not strictly related to the Group, with expectations focused on the short-term.

ASSETS

1. Intangible assets with definite life

Historical cost	Research & development	Patents	Trademarks and Concessions	Others	Total
01.01.2016	762	1,533	1,675	6,035	**10,005**
Increases		37	30	388	**455**
31.12.2016	**762**	**1,570**	**1,705**	**6,423**	**10,460**
01.01.2017	762	1,570	1,705	6,423	**10,460**
Increases			19	50	**69**
Decreases					-
30.06.2017	**762**	**1,570**	**1,724**	**6,473**	**10,529**
Amortisation & loss in value	**Research & development**	**Patents**	**Trademarks and Concessions**	**Others**	**Total**
01.01.2016	762	1,533	1,647	5,667	**9,609**
Increases		8	23	206	**237**
31.12.2016	**762**	**1,541**	**1,670**	**5,873**	**9,846**
01.01.2017	762	1,541	1,670	5,873	**9,846**
Increases		4	14	88	106
Decreases					-
30.06.2017	**762**	**1,545**	**1,684**	**5,961**	**9,952**
Net value					
01.01.2016	**-**	**-**	**28**	**368**	**396**
31.12.2016	**-**	**29**	**35**	**550**	**614**
30.06.2017	**-**	**25**	**40**	**512**	**577**

At June 30th 2017, no Companies of the Group recorded the existence of inactive intangible assets or completely amortised still in use of significant value.

The amortisation rates used are shown below:

Category	Average rate
Development Costs	20.0%
Industrial patents and intel. property rights	26.5%
Trademarks, concessions and licenses	10.0%
Other	28.0%

2. Intangible assets with indefinite life

The indefinite intangible assets, comprising exclusively newspaper titles, are not amortised, but annually subject to verifications to determine the existence of any loss in value.

The table below shows the movements in the intangible assets with indefinite life:

Historical cost	Goodwill	Newspaper titles	Total
01.01.2016	**189,596**	**286,794**	**476,390**
Increases			**-**
Decreases			**-**
31.12.2016	**189,596**	**286,794**	**476,390**
01.01.2017	**189,596**	**286,794**	**476,390**
Increases			-
Decreases			-
30.06.2017	**189,596**	**286,794**	**476,390**

Write-downs	Goodwill	Newspaper titles	Total
01.01.2016	**144,222**	**36,891**	**181,113**
Increases	45,374		**45,374**
Decreases			**-**
31.12.2016	**189,596**	**36,891**	**226,487**
01.01.2017	**189,596**	**36,891**	**226,487**
Increases			**0**
Decreases			-
30.06.2017	**189,596**	**36,891**	**226,487**
Net value			
01.01.2016	**45,374**	**249,903**	**295,277**
31.12.2016	**-**	**249,903**	**249,903**
30.06.2017	**-**	**249,903**	**249,903**

The breakdown of the balance relating to the newspaper titles is shown below:

	01.01.2016	Increases	Decreases	31.12.2016
Il Messaggero S.p.A.	90,808			90,808
Il Mattino SpA	44,496			44,496
Quotidiano di Puglia SpA	15,631			15,631
Corriere Adriatico SpA	11,578			11,578
Il Gazzettino S.p.A.	87,387			87,387
Other minor newspaper titles	3			3
Total	**249,903**	**-**	**-**	**249,903**

	01.01.2017	Increases	Decreases	30.06.2017
Il Messaggero S.p.A.	90,808			90,808
Il Mattino SpA	44,496			44,496
Quotidiano di Puglia SpA	15,631			15,631
Corriere Adriatico SpA	11,578			11,578
Il Gazzettino S.p.A.	87,387			87,387
Other minor newspaper titles	3			3
Total	**249,903**	**-**	**-**	**249,903**

In order to assess whether to carry out impairments tests on the Group's intangible assets with indefinite life, comprising the Newspaper Titles, an analysis was carried out to establish if the significant events (so-called "trigger events") which indicate the existence of losses in value on these assets at June 30th 2017 had occurred.

In particular, in accordance with IAS 36, this analysis concerned the development of the weighted average cost of capital ("WACC") and the principal differences observed in the main income statement accounts reported in H1 2017 compared to budget forecasts. From this analysis no matters arose requiring further verifications.

In addition, the results of the analysis undertaken by the Advisor within the Takeover Bid as previously described were assessed taking into consideration the purpose for which such analysis were undertaken.

In conclusion, in the absence of significant elements concerning the impairment of the intangible items, it was not considered necessary to carry out an estimate in the period of the recoverable value of the intangible assets.

3. Property, plant and equipment

Historical cost	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01.01.2016	8,838	51,326	97,620	859	22,299	16	**180,958**
Increases			103		535	2,024	**2,662**
Decreases				(45)	(63)		**(108)**
Write-downs			(70)				**(70)**
31.12.2016	**8,838**	**51,326**	**97,653**	**814**	**22,771**	**2,040**	**183,442**
01.01.2017	8,838	51,326	97,653	814	22,771	2,040	**183,442**
Increases			3	2	43	1,583	**1,631**
Decreases			(107)		(72)		**(179)**
Reclassifications				2	(542)		**(540)**
30.06.2017	**8,838**	**51,326**	**97,549**	**818**	**22,200**	**3,623**	**184,354**

Depreciation and loss in value	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01.01.2016	-	24,057	89,167	837	21,191	-	**135,252**
Increases		1,561	4,203	18	459		**6,241**
Decreases				(45)			**(45)**
31.12.2016	**-**	**25,618**	**93,370**	**810**	**21,650**	**-**	**141,448**
01.01.2017	-	25,618	93,370	810	21,650	-	**141,448**
Increases		774	1,969	2	324		**3,069**
Decreases					(140)		**(140)**
Reclassifications				2	(542)		**(540)**
30.06.2017	**-**	**26,392**	**95,339**	**814**	**21,292**	**-**	**143,837**
Net value							
01.01.2016	**8,838**	**27,269**	**8,453**	**22**	**1,108**	**16**	**45,706**
31.12.2016	**8,838**	**25,708**	**4,283**	**4**	**1,121**	**2,040**	**41,994**
30.06.2017	**8,838**	**24,934**	**2,210**	**4**	**908**	**3,623**	**40,517**

"Buildings" include operating offices and facilities for the printing of newspapers.

The account "Plant and machinery" is substantially composed of the presses belonging to Group publishing companies.

The account "Other assets" includes, in addition to computers, servers and network appliances, leasehold improvements and restructuring relating to rented offices. Depreciation is calculated based on the duration of the contract, which is lower than the useful life of the asset.

No financial expenses were capitalised.

4. Investments valued at equity

	01.01.2016	Increases/ (Decreases) through P&L	Other changes	31.12.2016
Rofin 2008 S.r.l.	3		(1)	**2**
Total	**3**	**0**	**(1)**	**2**

	01.01.2017	Increases/ (Decreases) through P&L	Other changes	30.06.2017
Rofin 2008 S.r.l.	2			**2**
Total	**2**	**-**	**-**	**2**

5. Equity investments and non-current securities

Equity investments and non-current securities	01.01.2016	Increases/ (Decreases)	Fair value change	31.12.2016
Investments in other companies valued at cost	1,342	(124)		1,218
Investments in other companies available-for-sale	133,930	(28,031)	(25,415)	80,484
Total	**135,272**	**(28,155)**	**(25,415)**	**81,702**

Equity investments and non-current securities	01.01.2017	Increases/(Decreases)	Fair value change	30.06.2017
Investments in other companies valued at cost	1,218			1,218
Investments in other companies available-for-sale	80,484		1,653	82,137
Total	**81,702**	**-**	**1,653**	**83,355**

The breakdown of the account investments in other companies is as follows:

Investments in other companies	Registered office	%	01.01.2016	Increases/ (Decreases)	Write-downs	31.12.2016
Euroqube		14.82	-			-
Ansa		6.71	1,166	32		1,198
E-Care		0.59	18		(18)	-
Other minor			158	(138)		20
Total			**1,342**	**(106)**	**(18)**	**1,218**

Investments in other companies			01.01.2017	Increases/ (Decreases)	Write-downs	30.06.2017
Ansa		6.71	1,198			1,198
Other minor			20			20
Total			**1,218**	**-**	**-**	**1,218**

The company ANSA is the leading news agency in Italy and a leader worldwide; ANSA is a cooperative of 34 members, including the leading publishers of national newspapers, created with a mission to publish and circulate news.

The investments in other companies are valued at fair value or, where the development plans are not available, at cost, adjusting for impairments where present.

During the year, no impairment indicators were identified and therefore no impairment test was carried out.

According to the information held by the Group therefore, no indications exist that the cost differs significantly from the fair value.

The breakdown of the account Investments in other companies AFS is as follows:

AFS Investments		01.01.2016	Increases	Decreases	Share capital increases	Fair value change	31.12.2016
Assicurazioni Generali SpA		96,444				(15,960)	80,484
Unicredit SpA		37,486		(28,870)	839	(9,455)	-
	Total	**133,930**	**-**	**(28,870)**	**839**	**(25,415)**	**80,484**

		01.01.2017	Increases	Decreases	Share capital increases	Fair value change	30.06.2017
Assicurazioni Generali SpA		80,484				1,653	82,137
	Total	**80,484**	**-**	**-**	**-**	**1,653**	**82,137**

Number

	01.01.2016	Increases	Decreases	Share capital increases	31.12.2016
Assicurazioni Generali SpA	5,700,000				5,700,000
Unicredit SpA	7,300,000		(7,617,391)	317,391	-

	01.01.2017	Increases	Decreases	Share capital increases	30.06.2017
Assicurazioni Generali SpA	5,700,000				5,700,000

The valuation at fair value of these investments at June 30th 2017 was recorded to the Comprehensive Income Statement in the Shareholders' Equity reserve for Euro 1.7 million, excluding the negative tax effect of Euro 12 thousand.

Fair Value reserve

	01.01.2016	Increases	Decreases	31.12.2016
Fair Value reserve	19,973		(25,415)	(5,442)
Tax effect	(265)	254		(11)
Fair value reserve, net of tax effect	**19,708**	**254**	**(25,415)**	**(5,453)**
Changes in the period				**(25,161)**

	01.01.2017	Increases	Decreases	30.06.2017
Fair Value reserve	(5,442)	1,653		(3,789)
Tax effect	(11)		(12)	(23)
Fair value reserve, net of tax effect	**(5,453)**	**1,653**	**(12)**	**(3,812)**
Change in the period				**1,641**

In relation to the disclosure required by IFRS 13, concerning the so-called "hierarchy of fair value", the shares available for sale belong to level one, as concerning financial instruments listed on an active market.

6. Other non-current assets

The account, amounting to Euro 105 thousand, principally relates to receivables for deposits due within five years.

7. Deferred taxes, receivables for current taxes and income taxes for the period

The movements are shown below of the deferred tax assets and liabilities:

	01.01.2016	Provisions	Utilisations	Change in tax rate	Other changes	31.12.2016
Deferred tax assets	43,225	6,000	(1,801)	43	(103)	47,364
Deferred tax liabilities	59,354	2,073	(1,741)	-	(267)	59,419
Net deferred tax liabilities	**(16,129)**	**3,927**	**(60)**	**43**	**164**	**(12,055)**

	01.01.2017	Provisions	Utilisations	Change in tax rate	Other changes	30.06.2017
Deferred tax assets	47,364	1,678	(319)	-		48,723
Deferred tax liabilities	59,419	973	(801)	-	12	59,603
Net deferred tax liabilities	**(12,055)**	**705**	**482**	**-**	**(12)**	**(10,880)**

The increase in deferred tax assets compared to the previous period is principally due to the recognition of tax losses in the half-year.

Based on forecasts, it is considered that the Group will have, in the coming years, sufficient assessable income to recover the deferred tax assets recorded in the financial statements at June 30th 2017, taking account also deferred tax assets on assessable temporary differences to cover tax losses.

The deferred tax liabilities principally refer to temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.

The “other changes” in the deferred tax assets and liabilities include the estimates of the tax effects on the fair value of the investments recorded directly to the Comprehensive Income Statement.

The net position for income taxes, represented by the payments on account and other tax credits, net of income taxes payable, is calculated as follows:

	30.06.2017	31.12.2016
Receivables for direct taxes	302	319
Reimbure. request of direct taxes	14	14
Payables for IRES/IRAP/substitute taxes	(204)	(115)
Total	**112**	**218**

The income taxes for the year consist of:

	30.06.2017	30.06.2016
Current taxes	77	44
Prior year taxes	-	5
Current taxes	**77**	**49**
Provision for deferred tax liabilities	973	1,030
Utilisation of deferred tax liabilities	(801)	(759)
Deferred tax charges	**172**	**271**
Recording of deferred tax assets	(1,678)	(2,354)
Utilisation of deferred tax assets	319	633
Deferred tax income	**(1,359)**	**(1,721)**
Total income taxes	**(1,110)**	**(1,401)**
Current and deferred IRES tax	(1,333)	(1,649)
Current and deferred IRAP tax	223	248
Total Income taxes	**(1,110)**	**(1,401)**

The current income taxes comprise only IRAP taxes.

8. Inventories

Inventories at June 30th 2017 amount to Euro 2 million (Euro 1.7 million at December 31st 2016) and consist exclusively of raw materials (principally paper and ink), ancillary and consumables.

The change of inventory recorded in the income statement amounts to a decrease of Euro 297 thousand and is included in the account Raw material costs (see Note 20).

Inventories are measured at the lower of the purchase price, calculated using the weighed average cost method, and the realisable value. There is no inventory provided as a guarantee on liabilities.

9. Trade receivables

The breakdown is as follows:

	30.06.2017	31.12.2016
Trade receivables	56,590	61,937
Doubtful debt provision	(10,435)	(11,080)
Trade receivables	**46,155**	**50,857**
Trade receivables - related parties	642	699
Advances to suppliers	23	-
Total trade receivables	**46,820**	**51,556**

Trade receivables principally relate to Group advertising revenues from the advertising agency Piemme SpA (Euro 40.2 million).

The doubtful debt provision was utilised in the year for Euro 1.1 million and increased by Euro 481 thousand for the provisions made in the period.

The general valuation criteria of receivables, considered financial assets within the scope of IAS 39, are illustrated in the accounting policies.

In particular, trade receivables, as considered financial assets, are measured at amortised cost, on the basis of the effective interest rate (identified as their nominal value).

When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. Impairments are recognized to the income statement.

When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost where no write-down had been applied.

The value of trade receivables, adjusted by the relative doubtful debt provision, approximates their fair value.

The estimate of the Doubtful debt provision is made, in consideration of the highly fragmented nature of the debt positions, through an assessment of the maturity of receivables by similar type, referring to historical-statistical analysis on the probability of recovery. The write-down process requires however that individual commercial positions of significant amounts and for which an objective solvency condition is apparent are subject to individual write-downs.

The estimate of the Doubtful debt provision of Piemme SpA and of the Caltagirone Editore Group, although mainly concerning overdue receivables, was made on a reasonably conservative basis, covering also any potential losses on receivables not in dispute.

10. Other current assets

The breakdown is as follows:

	30.06.2017	31.12.2016
Employee receivables	116	101
VAT receivables	-	339
Other receivables	570	1,205
Prepaid expenses	908	356
Total other current assets	**1,594**	**2,001**

11. Cash and cash equivalents

The breakdown is as follows:

	30.06.2017	31.12.2016
Bank and postal deposits	147,093	150,629
Bank and postal deposits with related companies	202	351
Cash in hand and similar	305	50
Total cash and cash equivalents	**147,600**	**151,030**

The reduction in cash and cash equivalents at June 30th 2017 is essentially due to the reduced debt exposure to the credit institutions, net of the dividends received on investments held in listed companies.

The average interest rate on the bank deposits was 0.1% (0.2% in 2016).

In relation to the variable rate of liquidity, an annual interest rate increase of 1%, at like-for-like terms, would have a positive impact on the net profit of approx. Euro 1.5 million. A decrease in interest rates of the same level would have a corresponding negative impact.

Bank deposits with related parties refer principally to the positions with UniCredit SpA.

SHAREHOLDERS' EQUITY & LIABILITIES

12. Shareholders' Equity

	30.06.2017	31.12.2016
Share Capital	125,000	125,000
Listing charges	(18,865)	(18,865)
Treasury shares	(2,202)	(2,063)
Fair Value reserve	(3,811)	(5,453)
Other Reserves	373,717	436,154
Net Profit/(Loss)	6	(62,439)
Group net equity	**473,845**	**472,334**
Minority interest N.E.	-	-
Total net equity	**473,845**	**472,334**

The Share capital amounts to Euro 125 million, consisting of 125 million ordinary shares at a nominal value of Euro 1 each.

All of the ordinary shares issued are fully paid-in. There are no shares subject to guarantees or restrictions on the distribution of dividends. At June 30th 2017 Caltagirone Editore SpA had 2,301,983 treasury shares in portfolio, comprising 1.842% of the share capital for a value of Euro 2,202,435.

The fair value reserve, negative for Euro 3.8 million, includes the net change for the period – positive of Euro 1.6 million - to adjust the market value of the investments in other companies available-for-sale;

The Other Reserves include:

- Share premium reserve of Euro 480.6 million;
- Legal reserve of the Parent Company of Euro 25 million, set up pursuant to Article 2430 of the Civil Code;
- Consolidation reserves, consisting of the higher value of the Group's share of net equity compared to the cost of some equity investments and retained earnings for a total negative amount of Euro 150 million;
- Treasury Shares reserve of Euro 2.2 million;
- The actuarial losses reserve relating to the application of IAS 19 for post-employment benefits, negative for Euro 2.1 million, net of the relative tax effect.
- Reserves relating to the application of IAS/IFRS standards of Euro 16.9 million.
- Other reserves of the Parent Company of Euro 1.1 million.

13. Personnel

Employee benefit plans

The movements in the Employee benefits provision were as follows:

	30.06.2017	31.12.2016
Net liability at beginning of period	21,393	24,745
Current cost in the period (service costs)	206	180
Interest charge (interest cost)	233	425
Actuarial profits/(losses)	-	(314)
(Services paid)	(3,324)	(2,465)
Other changes	-	(1,178)
Net liability at end of period	**18,508**	**21,393**

Employee numbers and cost

	30.06.2017	30.06.2016
Salaries and wages	21,960	23,588
Social security charges	7,430	8,349
Post-employment benefit provision	206	174
Post-employment benefit to Complementary Fund	1,161	1,374
Other costs	2,371	1,461
Total personnel expense	**33,128**	**34,946**

The account wages and salaries and social charges reflects the benefits of the restructuring and reorganisation plans undertaken in previous years, under which the workforce was re-sized (see also the average workforce reported below).

Other costs include charges concerning labour disputes, leaving incentives and the social security institution contributions from the restructuring in the first half of 2017 of approx. Euro 1.6 million (Euro 717 thousand at June 30th 2016).

The following table shows the average number of employees by category:

	30.06.2017	31.12.2016	Average 2017	Average 2016
Executives	21	22	22	22
Managers & white collar	201	215	202	215
Journalists	382	411	392	416
Print workers	98	98	98	100
Total	**702**	**746**	**714**	**753**

14. Provisions for risks and charges

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2016	7,641	187	452	**8,280**
Provisions	647		3,904	**4,551**
Utilisations	(958)	(15)	(60)	**(1,033)**
Reclassifications	520			**520**
Balance at December 31st 2016	**7,850**	**172**	**4,296**	**12,318**
of which:				
Current portion	2,630		4,296	**6,926**
Non-current portion	5,220	172		**5,392**
Total	**7,850**	**172**	**4,296**	**12,318**
Balance at January 1st 2017	7,850	172	4,296	**12,318**
Provisions	43		808	**851**
Utilisations	(159)		(63)	**(222)**
Reclassifications	(369)		369	**-**
Balance at June 30th 2017	**7,365**	**172**	**5,410**	**12,947**
of which:				
Current portion	2,145		5,410	**7,555**
Non-current portion	5,220	172		**5,392**
Total	**7,365**	**172**	**5,410**	**12,947**

The provision for legal disputes refers principally to the provisions made by the companies Il Messaggero SpA, Il Mattino SpA and Il Gazzettino SpA against liabilities deriving from damages requested for slander and from employees. The provision was estimated taking into consideration the nature of the business, based on experience in similar cases and on all the information available at the date of preparation of these consolidated financial statements, considering the difficulty in estimating charges and the timing connected to each single case.

The agent's indemnity provision, which reflects the prudent increase in the risk connected to the termination of the mandate conferred to agents in accordance with law, refers to the company Piemme SpA, advertising agency.

The provisions for other risks principally include charges relating to the restructuring plans of Il Messaggero SpA, Il Gazzettino SpA and Servizi Italia 15 Srl; the provisions are included under other labour costs.

15. Current and non-current financial liabilities

	30.06.2017	31.12.2016
Bank payables	437	3,066

Non-current financial liabilities	**437**	**3,066**
Bank payables	5,764	5,565
Payables to related companies	601	2,737
Short-term portion of non-current loans	5,246	5,232
Other financial payables	9	-
Current financial liabilities	**11,620**	**13,534**

The non-current financial liabilities to banks are represented by a loan to finance the construction in 2005 of a printing centre located at Torre Spaccata in Rome. The loan is at a variable interest rate (Euribor at 6 months + spread 0.5%), amounting to Euro 60 million, granted by Intesa Sanpaolo SpA to the company S.E.M. SpA, incorporated in 2006 into Il Messaggero SpA. The first capital repayment was made in December 2005 while the final repayment is due in August 2018. In addition, a special privileged guarantee was given on the factory assets amounting to Euro 60 million, in addition to a bank surety of the Parent Company of Euro 37.9 million.

In relation to the variable rate of financial liabilities, an annual interest rate increase of 1%, at like-for-like terms, would have a negative impact on the net result of approx. Euro 120 thousand. A decrease in interest rates of the same level would have a corresponding positive impact.

The value of the financial liabilities approximates their fair value.

16. Other current and non-current liabilities

	30.06.2017	31.12.2016
Other non-current liabilities		
Other payables	86	90
Deferred income	1,458	1,468
Total	**1,544**	**1,558**
Other current liabilities		
Social security institutions	3,388	5,607
Employee payables	7,761	5,377
VAT payables	833	246
Withholding taxes	1,959	2,981
Other payables	7,422	7,784
Payables to related companies	20	16
Deferred income	336	496
Total	**21,719**	**22,507**

Other payables include Euro 4.9 million as the amount available to the Board of Directors in accordance with Article 25 of the by-laws which establishes the allocation to this account of 2% of net profit.

17. Trade payables

	30.06.2017	31.12.2016
Trade payables	20,279	21,711
Payables to related companies	835	395
Total	**21,114**	**22,106**

Trade payables principally refer to operating subsidiaries in the publishing sector and relate to the purchase of raw materials, services and capital expenditures. The book value of the trade payables reported above approximates their fair value.

There are no payables due over 12 months.

INCOME STATEMENT

18. Revenues from sales and services

	H1 2017	H1 2016
Circulation revenues	28,140	29,195
Promotions	381	342
Advertising	40,528	43,940
Total revenues from sales and services	**69,049**	**73,477**
of which related parties	*487*	*425*

Sales and advertising revenues of the principal newspaper titles, both entirely realised in Italy, have been affected by the economic-financial crisis of recent years. Revenues are commented upon in detail in the Directors' Report, to which reference is made.

19. Other operating revenues

	H1 2017	H1 2016
Recovery of expenses from third parties	800	510
Capital grant contributions	36	37
Prior year income	21	164
Other revenues	1,443	1,881
Total other operating revenues	**2,300**	**2,592**
of which related parties	*26*	*35*

20. Raw material costs

	H1 2017	H1 2016
Paper	5,072	5,143
Other publishing materials	1,914	1,420
Change in inventory of raw materials and goods	(297)	574
Total raw materials costs	**6,689**	**7,137**

For further details on the cost movements of raw materials, reference should be made to the Directors' Report.

21. Other operating costs

	H1 .2017	H1 2016
Editorial services	6,234	6,434
Transport and delivery	3,828	3,884
Outside contractors	1,579	2,540
Advertising & promotions	789	1,503
Commissions and agent costs	2,970	3,241
Utilities and power	1,177	1,192
Maintenance and repair costs	1,545	1,686
Consultancy	1,608	1,846
Purchase of advertising space third parties	2,552	2,447
Directors and statutory auditors' fees	905	968
Insurance, postal and telephone	391	404
Other costs	4,788	4,581
Total service costs	**28,366**	**30,726**
Rental	2,703	2,791
Hire	379	390
Total rent, lease and similar costs	**3,082**	**3,181**
Other operating charges	1,601	1,695
Other	5	9
Total other costs	**1,606**	**1,704**
Total other operating costs	**33,054**	**35,611**
of which related parties	*2,842*	*3,072*

22. Amortisation, depreciation, provisions & write-downs

	H1 2017	H1 2016
Amortisation of intangible assets	106	102
Depreciation of property, plant & equipment	3,069	3,149
Provision for risks and charges	43	195
Doubtful debt provision	480	972
Total amortisation, depreciation, provisions & write-downs	**3,698**	**4,418**

The depreciation of tangible fixed assets principally relates to the depreciation on printing and rotary plant.

23. Net financial result and share of investments valued under the equity method

Investments at Equity	H1 2017	H1 2016
Rofin 2008 Srl	-	-
Total Equity	**-**	**-**
Financial income	**30.06.2017**	**30.06.2016**
Dividends	4,560	4,943
Interest income from bank deposits	37	270
Other financial income	17	43
Total	**4,614**	**5,256**
of which related parties	*4,560*	*4,943*
Financial charges	**30.06.2017**	**30.06.2016**
Loss on sale of investments	-	164
Interest on mortgage loans	20	37
Interest on bank accounts	116	402
Interest on leaving indemnity	233	152
Banking commissions and charges	96	98
Other financial expenses	33	31
Total	**498**	**884**
of which related parties	*19*	*119*
Financial result	**4,116**	**4,372**

The dividends included in financial income relates to the shareholding in Assicurazioni Generali SpA.

24. Earnings per share

The basic earnings per share is calculated by dividing the Group net result for the period by the weighted average number of ordinary shares outstanding in the period.

	30.06.2017	30.06.2016
Net Result	6	(270)
Number of ordinary shares outstanding (thousands)	122,764	123,068
Basic earnings per share	**0.000**	**-0.002**

The diluted earnings per share is identical to the basic result per share as at the date of the present financial statements there were no securities which may be converted into shares.

In 2017 no dividends were distributed.

25. Other comprehensive income statement items

The breakdown of the other comprehensive income statement items, excluding the tax effects, is reported below:

	30.06.2017			30.06.2016		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Gain/(loss) from recalculation of AFS financial assets	1,653	(12)	1,641	(59,034)	965	(58,069)

26. Transactions with related parties

Transactions with companies under common control

The transactions of Group companies with related parties generally relate to normal operations and are regulated at market conditions. They principally relate to the exchange of goods, the provision of services, and the provision and use of financial resources by associated companies and subsidiaries excluded from the consolidation scope, as well as with other companies belonging to the Caltagirone Group or under common control.

There are no atypical or unusual transactions which are not within the normal business operations.

The following tables report the values.

31.12.2016	Parent Company	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions						
Trade receivables	4	394	301	**699**	**51,556**	1.4%
Cash and cash equivalents			351	**351**	**151,030**	0.2%
Trade payables	214	53	128	**395**	**22,106**	1.8%
Current financial liabilities			2,737	**2,737**	**13,534**	20.2%
Other current liabilities		16		**16**	**22,507**	0.1%
Income statement transactions						
Revenues		334	560	**894**	**147,022**	0.6%
Other operating income		14		**14**	**5,325**	0.3%
Other operating charges	700	4,212	60	**4,972**	**69,806**	7.1%
Financial income			4,943	**4,943**	**5,435**	90.9%
Financial charges			281	**281**	**13,795**	2.0%

30.06.2017	Parent Company	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions						
Trade receivables	9	235	398	**642**	**46,820**	1.4%
Cash and cash equivalents			202	**202**	**147,600**	0.1%
Trade payables	564	113	158	**835**	**21,114**	4.0%
Current financial liabilities			601	**601**	**11,620**	5.2%
Other current liabilities		20		**20**	**21,719**	0.1%
Income statement transactions						
Revenues		214	273	**487**	**69,048**	0.7%
Other operating income		26		**26**	**2,300**	1.1%
Other operating charges	350	2,433	62	**2,845**	**33,054**	8.6%
Financial income			4,560	**4,560**	**4,614**	98.8%
Financial charges			19	**19**	**498**	3.8%

Trade receivables principally concern commercial transactions for the sale of advertising space.

Cash and cash equivalents and current financial liabilities and financial charges concern the operations in place at June 30th 2017 with the credit institution Unicredit SpA.

Trade payables to Parent Companies refer to the invoices received from Caltagirone SpA for services performed during the period.

Operating revenues principally concern the advertising carried out with Group newspapers by companies under common control.

Operating costs principally include rental costs by the Parent Company and Other group companies for their respective head offices from companies under common control.

The account financial income relates to dividends received from Assicurazioni Generali SpA.

27. Business segment information

The disclosures required in accordance with IFRS 8 on the segment information are provided below. The Caltagirone Editore Group, in consideration of the economic and financial relations between the various Group companies and the interdependence between the publishing activities of the various Group newspapers and the advertising activity carried out by the Group agency, operates within a single sector, defined as a distinctly identifiable part of the Group, which provides a set of related products and services and is subject to differing risks and benefits from the other sectors of Group activity. This vision is used by Management to carry out an analysis of operational performance and for the specific management of related risks. The Group operates exclusively in Italy and bases sector performance on turnover volumes and EBITDA from ordinary operations.

In thousands of Euro	***Newspapers and Advertising***	***Other activities***	***Consolidated Adjustments***	***Consolidated pre-segment eliminations***	***Segment eliminations***	***Consolidated***
30.06.2016						
Sector revenues – third parties	76,008	6	55	76,069	-	76,069
Inter-segment revenues	56	345	(55)	346	(346)	-
Segment revenues	**76,064**	**351**	**-**	**76,415**	**(346)**	**76,069**
Segment EBITDA	(747)	(878)		**(1,625)**		**(1,625)**
Depreciation, amortisation, provisions & write-downs	4,417	1		4,418		4,418
EBIT	**(5,164)**	**(879)**	**-**	**(6,043)**	-	**(6,043)**
Results of the financial management						4,372
Net result of the share of associates						-
Loss before taxes						**(1,671)**
Income taxes						1,401
Net Loss						**(270)**
	Newspapers and Advertising	***Other activities***	***Consolidated Adjustments***	***Consolidated pre-segment eliminations***	***Segment eliminations***	***Consolidated***
Segment assets	409,371	269,153		678,524		678,524
Segment liabilities	168,345	8,675		177,020		177,020
Equity investments valued at net equity		3		3		3
Investments in intangible and tangible fixed assets	680			680		680

In thousands of Euro	***Newspapers and Advertising***	***Other activities***	***Consolidated Adjustments***	***Consolidated pre-segment eliminations***	***Segment eliminations***	***Consolidated***
30.06.2017						
Sector revenues – third parties	71,343	6		71,349	-	71,349
Inter-segment revenues	-	345		345	(345)	-
Segment revenues	**71,343**	**351**	**-**	**71,694**	**(345)**	**71,349**
Segment EBITDA	(759)	(763)		**(1,522)**		**(1,522)**
Depreciation, amortisation, provisions & write-downs	3,697	1		3,698		3,698
EBIT	**(4,456)**	**(764)**	**-**	**(5,220)**	**-**	**(5,220)**
Results of the financial management						4,116
Net result of the share of associates						-
Loss before taxes						**(1,104)**
Income taxes						1,110
Net Profit/(Loss)						**6**
	Newspapers and Advertising	***Other activities***	***Consolidated Adjustments***	***Consolidated pre-segment eliminations***	***Segment eliminations***	***Consolidated***
Segment assets	384,761	236,576		621,337		621,337
Segment liabilities	140,503	6,989		147,492		147,492
Equity investments valued at net equity		2		2		2
Investments in intangible and tangible fixed assets	1,700			1,700		1,700

28. Net financial position

The Net Cash Position, as required by CONSOB Communication DEM 6064291 of July 28th 2006 is as follows:

In thousands of Euro	30.06.2017	30.06.2016
A. Cash	305	212
B. Bank deposits	147,295	162,245
D. Liquidity (A)+(B)	**147,600**	**162,457**
E. Current financial receivables	**-**	**-**
F. Bank payables – current portion	6,365	24,077
G. Current portion of long-term loans	5,246	5,219
H. Current payables to other lenders	9	-
I. Current debt (F)+(G)+(H)	**11,620**	**29,296**
J. Net current cash position (I)-(E)-(D)	**(135,980)**	**(133,161)**
K. Non-current bank payables	437	5,688
L. Non-current payables to other lenders	-	-
M. Non-current financial debt (K)+(L)	**437**	**5,688**
N. Net Cash Position (J)+(M)	**(135,543)**	**(127,473)**

29. Hierarchy of Fair Value according to IFRS 13

In relation to financial instruments recorded at Fair Value, IFRS 13 requires that these values are classified based on a hierarchy of levels which reflects the sources of the input utilised in the determination of the Fair Value. Therefore, the following hierarchy levels are established:

- Level 1: Determination of fair value based on prices listed in active markets by class of asset or liability subject to valuation;

- Level 2: Determination of Fair Value based on input other than the listed prices included at Level 1 but which are directly observable (prices) and indirectly (derivatives from prices) on the market; instruments not characterised by sufficient level of liquidity or which do not express in a continuous manner a “binding” market listing are included in this category;

- Level 3: determination of fair value based on valuation models whose input is not based on observable market data.

The following table shows the hierarchy level for the assets and liabilities which are valued at Fair Value:

Dec. 31, 2016	Note	Level 1	Level 2	Level 3	Total
AFS Financial assets valued at fair value	5	80,484			**80,484**
Total assets		**80,484**	**-**	**-**	**80,484**

June 30, 17	Note	Level 1	Level 2	Level 3	Total
AFS Financial assets valued at fair value	5	82,137			**82,137**
Total assets		**82,137**	**-**	**-**	**82,137**

In the first half of 2017 there were no transfers between the various levels.

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DECLARATION OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

ed CALTAGIRONE EDITORE

Declaration on the Condensed Consolidated Half-Year Financial Statements as per Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent modifications and integrations

1. The undersigned Francesco Gianni, as Chairman of the Board of Directors, and Fabrizio Caprara, executive responsible for the preparation of the corporate accounting documents of Caltagirone Editore S.p.A., affirm, and also in consideration of article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24th 1998:

    - the accuracy of the information on company operations and
    - the effective application,

    of the administrative and accounting procedures for the compilation of the condensed consolidated half-year financial statements for the first half-year of 2017.

2. The activity was undertaken evaluating the organisational structure and the execution, control and monitoring processes of the business activities necessary for the preparation of the condensed consolidated half-year financial statements.

    In relation to this, no important matters arose.

3. It is also declared that:

3.1 the condensed consolidated half-year financial statements:

a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19th 2002;

b) corresponds to the underlying accounting documents and records;

c) provide a true and correct representation of the economic, balance sheet and financial situation of the issuer and of the companies included in the consolidation.

3.2 the Interim Directors' Report on operations includes an analysis of the significant events in the first six months of the year and their impact on the condensed consolidated half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. The interim directors' report also includes a reliable analysis of the information on transactions with related parties.

Rome, July 26th 2017

The Chairman	The Executive Responsible
Mr. Francesco Gianni	Mr. Fabrizio Caprara

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